
10.f

Action/Information Item

California Student Aid Commission

Consideration of Amendment/Extension to the Operating Agreement between CSAC and EDFUND to Extend the Term of the Agreement

At the August 21, 2006 Special Commission Meeting, the Commission approved an Operating Agreement extension for four months in order to allow sufficient time for the development of a new Operating Agreement. The extension is set to expire on January 31, 2007.

The Commission is in the process of obtaining consulting services to assist with the delineation of roles and responsibilities between the Commission and EDFUND. It is anticipated that a draft report will be issued in February 2007 with a final report issued in March 2007. Using the draft report, staff can develop a draft Operating Agreement on those areas that depend on roles and responsibilities. Staff anticipates presenting the revised Operating Agreement at the April 2007 Commission meeting.

California Education Code Section 69522 (d)(2) requires the Commission to submit the Operating Agreement to the Department of Finance (DOF) and the Joint Legislative Budget Committee (JLBC) prior to Commission approval. Neither DOF nor JLBC have provided comments to the previous extension; however, DOF and JLBC directed the Commission to provide the full 45 days for review. These letters are attached for your review. Upon approval by the Commission, the draft Operating Agreement will be sent to DOF and JLBC as required.

If the reviews by DOF and JLBC result in substantial changes to the revised Operating Agreement, then staff anticipates presenting the revisions to the Commission for review and approval at its June 2007 meeting.

Given the timing, an additional extension of the current Operating Agreement is required. The EDFUND Board of Directors met on November 14, 2006 and voted to extend the Operating Agreement until June 30, 2007.

Recommended Actions: Approve an Operating Agreement Amendment/Extension with a June 30, 2007 extension date and authorize the Executive Director to execute the extension, provided it remains substantially the same after a review by DOF and JLBC.

Responsible Staff: Janet McDuffie
Chief, Management Services and
Acting Chief, Federal Policy & Programs

DRAFT

AMENDMENT/EXTENSION

This extension dated January 31, 2007, hereby extends the Operating Agreement by and between the California Student Aid Commission and EDFUND entered into on October 1, 2002, as amended on October 1, 2003, October 1, 2004, October 1, 2005 and October 1, 2006, as follows:

The term of the Agreement shall be extended for **five months** until **June 30, 2007**, unless sooner terminated under Article V.

All other terms and conditions of the Agreement shall remain unchanged.

California Student Aid Commission

EDFUND

By: _____
Diana Fuentes-Michel
Executive Director

By: _____
Sam Kipp
President

Joint Legislative Budget Committee

CHAIR

WESLEY CHESBRO

VICE CHAIR

JOHN LAIRD

SENATE

JIM BATTIN
DENISE MORENO DUCHENY
JOSEPH DUNN
DENNIS HOLLINGSWORTH
TOM McCLINTOCK
KEVIN MURRAY
JACK SCOTT

GOVERNMENT CODE SECTIONS 9140-9143

ASSEMBLY

JUDY CHU
HECTOR DE LA TORRE
JACKIE GOLDBERG
RICK KEENE
GEORGE PLESCIA
PEDRO NAVA
SHARON RUNNER

CALIFORNIA LEGISLATURE

LEGISLATIVE ANALYST
ELIZABETH G. HILL

925 L STREET, SUITE 1000
SACRAMENTO, CALIFORNIA 95814
(916) 445-4656

September 19, 2006

Diana Fuentes-Michel, Executive Director
CA Student Aid Commission
P.O. Box 419026
Rancho Cordova, CA 95741-9026

Dear Ms. Fuentes-Michel:

On August 21, 2006, the CA Student Aid Commission (Commission) submitted to the Joint Legislative Budget Committee (JLBC) the Operating Agreement between the Commission and its auxiliary, EdFund, and a draft amendment/extension to the agreement for the period of October 1, 2006, to January 31, 2007, for review and comment. According to Education Code 69522 (d), the Commission is required to provide the JLBC and the Director of Finance with 45 days notice prior to approval of any amendment to an existing operating agreement or any new operating agreement.

The JLBC does not object to the proposed extension of the Operating Agreement between the Commission and EdFund and I am waiving the additional review period. However, please note that you are required to provide the full 45 days for JLBC review for any subsequent proposed amendment to this agreement or any proposed new operating agreement.

Sincerely,


WESLEY CHESBRO
Chair

cc: Members of the Joint Legislative Budget Committee
Michael Genest, Director of Finance
Liz Hill, Legislative Analyst

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September 22, 2005

Ms. Diana Fuentes-Michel
Executive Director
California Student Aid Commission
P.O. Box 419026
Rancho Cordova, CA 95741-9026

Dear Ms. Fuentes-Michel:

Diana

We are in receipt of the Operating Agreement between the California Student Aid Commission (Commission) and its auxiliary, EdFund, and a draft amendment/extension to the agreement for the period October 1, 2005 to September 30, 2006, as transmitted to us on September 13, 2005. As requested, we have reviewed the documents and found them to be consistent with the prior agreements between the two entities. As such, we have no comments or concerns to note about the documents.

While we welcome the opportunity to review these documents as provided in law, we note that the Commission gave us considerably less time (ten calendar days) to review the documents this year than the 45 days that the Commission provided last year and the 45 days that the statute seems to provide for this review. Even though we were able to complete our review within the time frame provided this year, this may not always be the case due to competing work priorities. In the future, we request that the Commission provide us sufficient time to review the documents and not assume that a non-response within the Commission's timeframe is an indication of acceptance by the Department of Finance.

Thank you for the opportunity to review these documents.

Sincerely,

Lynn

Lynn Podesto
Assistant Program Budget Manager

2006

Tab 10.f.4

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2007

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	=	Holiday
	=	Commission Mtg.
	=	EdFund Board Mtg.
	=	Joint Workshop